

25 March 2020

COVID-19 Update

Propel Funeral Partners Limited (ASX: PFP) (**Propel** or **Company**) notes the Australian Prime Minister's announcement last night that attendees at funeral services to be held after midnight tonight will be limited to ten people and the New Zealand's Ministry of Health's statements regarding restrictions on public gathering.

Propel operates from 128 locations, including 31 cremation facilities and 9 cemeteries, across Australia and New Zealand. Our network is continuing to provide essential funeral services in accordance with government guidelines and directives and we intend to continue to care for client families and the deceased, during the current COVID-19 pandemic and beyond.

Propel is committed to the health and well-being of our staff, client families, the communities to whom we provide essential services and other stakeholders. The Company continues to monitor the impact of COVID-19 on its teams, trading and suppliers, with the health and safety of its employees and client families top of mind. As difficult as it will be for our client families and other mourners, we urge the public to support those working at funeral homes, cemeteries, cremation facilities and related businesses, by respecting important government directives and guidelines regarding social distancing and personal hygiene.

Propel is in regular dialogue with its team leaders, staff and industry associations, who are communicating with governments and the wider funeral sector, to ensure that we can deliver the services needed, whilst providing the necessary protection for our client families and those who use and work at our facilities, in accordance with government guidelines and directives.

Although our funeral homes do not charge by attendee (other than for certain related services such as catering), the government guidelines and directives will affect Propel's ability to offer a full range of services to our client families, and are therefore expected to temporarily impact the Company's financial performance. It is premature to assess and quantify what impacts the COVID-19 pandemic will have on Propel's overall funeral volumes, Average Revenue Per Funeral, sales mix, revenue and earnings for the remainder of FY20. Economic and trading conditions are, however, expected to be disrupted by COVID-19 and, therefore, we are working to implement measures to mitigate potential financial impacts, such as:

- staffing mix, while remaining cognisant of a potential material increase in COVID-19 related deaths;
- ceasing non-essential operating expenditure; and
- deferring non-essential capital expenditure.

Albin Kurti, Managing Director of Propel said: "Funerals are an essential service and an important part of the grieving process, so this is uncharted territory for mourners and the funeral industry. We will adapt accordingly, providing client families with the option of streaming services at many of our locations and a memorial service at a later date, once social distancing restrictions ease. At this challenging time, I have never been prouder of our dedicated staff who are working on the front-line during this pandemic."

Funding position

Propel is well funded to navigate the challenging economic and trading conditions expected, with:

- approximately \$65 million¹ of available funding capacity;
- expanded debt facilities with Westpac of \$150 million, with term debt maturing in August 2022 and August 2023; and
- the Company being comfortably in compliance with its debt covenants as at 31 December 2019.

Expected impact of investment returns on funds held in connection with pre-paid contracts

As previously disclosed, funds held in connection with the Company's pre-paid contracts (which totalled approximately \$49 million as at 31 December 2019) are largely held with third party friendly societies who invest the funds in cash and fixed interest, rather than other asset classes such as equities and property. Propel does not, therefore, expect any material impacts on its financial performance relating to investment returns² (on funds held in connection with pre-paid contracts) in its consolidated income statement in the period ending 30 June 2020.

Propel will provide a trading update in May 2020. However, should circumstances change prior, an update will be issued.

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¹ Undrawn debt and cash at bank as at 31 December 2019, less the estimated cash that will be required to complete the proposed acquisition of the Dils Group and pay the interim dividend.

² Disclosed in 'net financing charge on contract assets and contract liabilities' in Propel's consolidated income statement.

ASX ANNOUNCEMENT

**About Propel:**

Propel is listed on the Australian Securities Exchange and is the second largest private provider of death care services in Australia and New Zealand. Propel currently operates from 128 locations, including 31 cremation facilities and 9 cemeteries.

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Authority to release:

This document has been authorised for release by Propel's board of directors.

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